

## Refine Search

### Search Results -

Terms	Documents
"trading financial instruments".ti. ab.	57

Database:

US Pre-Grant Publication Full-Text Database  
 US Patents Full-Text Database  
 US OCR Full-Text Database  
 EPO Abstracts Database  
 JPO Abstracts Database  
 Derwent World Patents Index  
 IBM Technical Disclosure Bulletins

Search:






### Search History

DATE: Thursday, June 07, 2007    [Purge Queries](#)    [Printable Copy](#)    [Create Case](#)

<u>Set</u> <u>Name</u>	<u>Query</u>	<u>Hit</u> <u>Count</u>	<u>Set</u> <u>Name</u> result set
side by side			
<i>DB=PGPB,USPT,USOC,EPAB,JPAB,DWPI,TDBD; PLUR=YES; OP=OR</i>			
<u>L27</u>	"trading financial instruments".ti.ab.	57	<u>L27</u>
<u>L26</u>	"trading financial instruments"ti.ab.	0	<u>L26</u>
<u>L25</u>	6601044.pn.	4	<u>L25</u>
<u>L24</u>	6304858.pn.	2	<u>L24</u>
<u>L23</u>	6615188.pn.	3	<u>L23</u>
<u>L22</u>	5454104.pn.	2	<u>L22</u>
<u>L21</u>	5270922.pn.	2	<u>L21</u>
<u>L20</u>	6505174.pn.	2	<u>L20</u>
<u>L19</u>	L16 and 705.clas.	35	<u>L19</u>
<u>L18</u>	L16 not @py>2001	0	<u>L18</u>
<u>L17</u>	L16 not @py>2000	0	<u>L17</u>
<u>L16</u>	L14 and (financial or finance or financ\$2) near (instruments or bonds or stocks or "bond options" or "stock options" or commodities or "future options" or	35	<u>L16</u>

	"index futures" or "index future options" or "mutual funds")		
<u>L15</u>	L14 and (financial or finance or financ\$2) near (instruments or bonds or stocks)	31	<u>L15</u>
<u>L14</u>	L13 and (www or network or internet or on-line)	100	<u>L14</u>
<u>L13</u>	L11 and trad\$ near account	105	<u>L13</u>
<u>L12</u>	L11 and (on-line or internet or www or network) near trad\$ near account	3	<u>L12</u>
<u>L11</u>	(automat\$ with system with software or analysis with software)	69707	<u>L11</u>
<u>L10</u>	709/237	1260	<u>L10</u>
<u>L9</u>	709/228	4590	<u>L9</u>
<u>L8</u>	709.clas.	54854	<u>L8</u>
<u>L7</u>	705.clas.	50973	<u>L7</u>
<u>L6</u>	705/26	7543	<u>L6</u>
<u>L5</u>	705/39	2260	<u>L5</u>
<u>L4</u>	705/38	1221	<u>L4</u>
<u>L3</u>	705/37	3022	<u>L3</u>
<u>L2</u>	705/36	1702	<u>L2</u>
<u>L1</u>	705/35	3061	<u>L1</u>

END OF SEARCH HISTORY

[First Hit](#)[Previous Doc](#)[Next Doc](#)[Go to Doc#](#)

Generate Collection

Print

L19: Entry 33 of 35

File: PGPB

Jan 17, 2002

DOCUMENT-IDENTIFIER: US 20020007335 A1

TITLE: Method and system for a network-based securities marketplaceAbstract Paragraph:

A preferred embodiment of the present invention comprises a method and system for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising the steps of and means for: (a) receiving from a first member posting data, the posting data comprising one or more indicated offers to acquire or transfer ownership interests in selected securities; (b) transmitting the posting data over the network to other members; (c) receiving a counteroffer to one or more of the first member's offers over the network from a second member; (d) transmitting the counteroffer over the network to the first member; (e) transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (f) transmitting to the first and second members data sufficient to identify transaction settlement facilities; and related steps and means.

Current US Classification, US Primary Class:

705

Current US Classification, US Secondary Class:

705

Summary of Invention Paragraph:

[0002] The present invention is generally related to securities transactions over an electronic network and, more particularly, to a method for a securities trading system that enables principal-to-principal communication of financial information, including postings of offers to transfer securities.

Summary of Invention Paragraph:[0017] Broker NetworksSummary of Invention Paragraph:

[0018] Over-the-counter (OTC) securities can be traded on the National Association of Securities Dealers (NASD) Automated Quotation (NASDAQ) system, a computer network of securities dealers.

Summary of Invention Paragraph:[0032] Electronic Commerce Networks (ECNs)Summary of Invention Paragraph:

[0033] Closely related to exchanges and NASDAQ are electronic commerce networks (ECNs) such as Instinet, Island, POSIT, and several others, and automated exchanges such as the Arizona Stock Exchange.

Summary of Invention Paragraph:

[0035] In general, ECNs are centralized, computer-based order matching systems that display bids and offers of subscribers to the ECN and automatically match subscriber orders if bids match offers. Otherwise, the best prices are posted on NASDAQ to compete with market makers. ECNs therefore trade only in stocks for which

there are significant numbers of closely matched bids and offers on a given security posted on the ECN. Such securities are termed "liquid"--they trade frequently (trade "flows" easily). ECNs can apply to be regulated as an exchange, or may be regulated as a broker-dealer operated alternative trading system ("ATS"). The only securities traded on ECNs are liquid, registered securities which trade in significant volumes and are listed on traditional exchanges or broker networks such as NASDAQ.

Summary of Invention Paragraph:

[0040] The "fourth market" consists of systems, including automated computer and communications systems, where the intermediaries do not maintain positions or act as market makers in securities. Listed, OTC, and other unlisted securities can be exchanged in this market. A simple version of this market is a group of traders communicating by telephone. A telephone network for trading securities compromises the anonymity of the buyers and sellers, and the identity of participants can be used against them to move the market. For example, a party wishing to sell a large block of sovereign bonds may call several potential buyers. These buyers, now aware of the seller's position (quantity and asking price), may use this information to sell short or otherwise attempt to move the market price for their own gain. In addition, such a network is operationally inefficient in that there is no centralized location for quotations of bids and offers and no aggregation of historical trade records. In addition, the network does not reach any further than the parties contacted. No new party may readily enter this marketplace.

Summary of Invention Paragraph:

[0048] National securities offering listing services provide a meeting place to start extensive offline negotiations between accredited investors and issuers for the placement of new issues. Representative is the Access to Capital Electronic Network (ACE-Net)--a non-profit national securities offering listing service managed by a university business school.

Summary of Invention Paragraph:

[0052] (A) Strict limits on securities and issuers: Securities trading on conventional exchanges, ECNs, broker networks and other known securities trading systems are limited through registration requirements, issuer requirements, and listing requirements. These systems do not accept postings for all securities.

Summary of Invention Paragraph:

[0059] (H) Inefficiencies and higher costs for non-standard transactions: Exchanges and broker networks are efficient only for standardized transactions. For example, on order matching systems, it is more resource intensive from a system standpoint to allow offers to be priced in smaller increments. See "NASD Calls On The SEC To Delay Decimalization," NASD, Mar. 7, 2000. Press release from NASD, [http://www.nasdaqnews.com/ne- ws/pr2000/ne\\_section00.sub.--053.html](http://www.nasdaqnews.com/ne- ws/pr2000/ne_section00.sub.--053.html); "SIA Decimalization Steering Committee Supports NASD/NASDAQ Announcement, Mar. 7, 2000, Press release from Securities Industry Association, <http://www.sia.com/html/pr884.html>; and Taub, Larry, "SIA/Tower Group Decimalization Analysis," Securities Industry Association, <http://www.sia.com/decimalization/pdf/towergroup.pdf>. Thus, all orders on matching and distributed quotation systems are priced in standard increments--all bids and offers (whether expressed as decimals or fractions) must be in predetermined increments (e.g., dollars, eighths of a dollar, or cents). Similarly, "odd-lot" (a quantity of shares that is not an integer multiple of 100) stock transactions are subject to higher broker and exchange fees.

Summary of Invention Paragraph:

[0061] (J) Lack of anonymity: Known trading systems, particularly in thinly-traded, illiquid securities traded through broker networks, generally do not adequately protect the anonymity of the participants or intermediaries. Disclosure of a security offeror's identity to the system or to an intermediary can result in

brokers or market makers engaging in "front-running"--trading on this "inside" market information ahead of the participant.

Summary of Invention Paragraph:

[0062] (K) Restricted trading periods: Systems that rely on specialists or brokers (such as the exchanges and broker networks) must have a broker or specialist available to act as the intermediary. These systems have limited trading periods imposed by the exchanges or broker networks, not the participants.

Summary of Invention Paragraph:

[0067] A preferred embodiment requires users to satisfy Membership qualification requirements imposed by the System manager in order to access restricted access areas within the Trading System. Users of the System electronically transmit their Membership qualification data to the System's computer network and the data are analyzed to determine appropriate Member access privileges. Member information is stored in a database.

Summary of Invention Paragraph:

[0068] The preferred embodiment implements a communications protocol for posting offers to buy, sell, swap, hypothecate or otherwise transfer an ownership interest in a security. These offers are displayed to multiple potential Member buyers and sellers. The preferred embodiment further provides a method of communicating private offers between potential buyers and sellers. The communication of private offers is entirely discretionary to the buyer and seller and may be made by either using the communication network provided by the System or by any other communications means outside of the System selected by the communicating Members, including email, telephone and facsimile transfer. Private offers do not change the posted offers on the System.

Summary of Invention Paragraph:

[0069] The preferred system provides links for Members that enable the Members, at their option, to identify, select and contact independent settlement facilities and to contact a wide variety of independent professional advisors. Transaction settlement facilities that are linked to the System automatically generate either standardized or non-standardized transaction settlement documentation from the material transaction information provided by the Members to settlement facilities by direct links from the System server. The settlement facilities transmit settlement agreement documentation electronically to the buyer and seller without the use of the System's communications network.

Summary of Invention Paragraph:

[0071] Conventional securities exchanges are limited systems designed to: (a) operate under a specific set of securities regulations; (b) list only standardized securities; (c) apply standardized methods for the interaction of orders; and, (d) achieve regulatory compliance and investor protection by limiting access to the system. In contrast, a System of a preferred embodiment of the present invention accommodates the posting of any security by treating each type of security as a self-contained "object" that encapsulates its description, rather than forcing the security to fit a standardized description framework. This enables posting of unique, non-standardized financial instruments. A preferred System organizes these objects into categories that allow members to quickly locate a posted security.

Detail Description Paragraph:

[0115] In a first preferred embodiment, the system of the subject invention comprises an Internet application operated by a System Operator. A preferred embodiment further comprises a Membership-based trading system for exchange of tangible and intangible assets, for exchange of financial information, for posting of indicated offers to buy and sell securities, and for conducting negotiations for transactions in any type of security worldwide. In a preferred embodiment, Members access the System using widely available web browser software or, in a further

preferred embodiment, by using a middleware or a client software application provided by the System operators or by the Member. The system of a preferred embodiment derives revenues from charging Members non-contingent service and access fees. No brokerage or transaction fees are charged by the System. In addition to secondary (principal-to-principal) transactions, the System accommodates and encourages primary (Issuer) offerings of securities to Members by private placement and public offering. A preferred embodiment further comprises interactive links through the System's web site to transaction settlement providers, legal advisors, and financial and investment advisors.

Detail Description Paragraph:

[0117] With respect to U.S. Listed Securities, the system of a preferred embodiment permits any Member to use the host computer network to contact all other Members to exchange information regarding their financial assets, including postings of offers to buy or to sell their U.S. Listed Securities. With respect to Global Securities, Members must be pre-qualified to have full privileges to post offers and to view and respond to other Members indicated offers.

Detail Description Paragraph:

[0129] Qualified or Institutional Members desiring to have the special designation of a "Pre-Approved Counter-party" (PAC) must apply directly to the System operators in order to access a specialized portion of the Trading System for the exclusive use of PACs. The Trading System operators establish the criteria for becoming a PAC, such as the Member's access to or existing accounts and trading relationships with System-specified settlement facilities. These settlement facilities could include, for example, clearing brokerages and banks, Depository Trust Corporation, and Euroclear. PAC applicants may also be required to satisfy financial requirements, such as funds on deposit with an independent third party, as verified by the System Operator. The System Operators may designate or contract an independent third party to process and verify PAC applications.

Detail Description Paragraph:

[0136] To sign up as a Member of the System, a visitor clicks on a hyperlink and a secure, encrypted connection is established with a server in the System host computer network. The server sends the first sign-up form to the browser on the visitor's workstation. For each entry in the form, a short informative description is provided, as well as a hyperlink to a more extensive description in a help window or page. The Membership sign-up process has three parts.

Detail Description Paragraph:

[0142] Information is collected at step 300 from the Member for purposes of collecting funds by credit card, electronic check, or other online payment system. For a credit card payment, the Member provides the credit card number and card expiration date. At step 310, this information is checked by a client-side verification script for proper formatting. For example, the credit card number is checked using the well-known Luhn check sum algorithm. If the format of the credit card number is incorrect, at step 320 an error message is generated, and the form of step 300 is redisplayed. If the submitted information is properly formatted, the payment information is encrypted and transmitted to a payment processing vendor over a secure connection at step 315 by standard methods in wide use for Internet-based commerce. At step 325, the payment processing system reports whether the payment was successfully processed, appropriate credits are added to the Member's account in the Member database in step 330, and the Member is presented with the option of completing the Investor Qualification Representation at step 335. If an error occurs in payment processing, an error message is generated at step 320 and the payment form is redisplayed at step 300.

Detail Description Paragraph:

[0158] At step 575 SVS checks the input string against any special format rules. For example, SVS verifies that an e-mail address conforms to the Internet RFC 822

specifications for e-mail address formats. The specification for Internet e-mail address formats is Internet RFC 822, available at <ftp://ftp.rfc-editor.org/in-notes/rfc822.txt>.

Detail Description Paragraph:

[0163] If the log-in is successful, the System tracks the user session using common Internet methods, said methods comprising using cookies and/or session variables passed in the HTTP request headers from the client to the server. If the log-in is unsuccessful, the user is prompted to re-enter the information. Alternatively, the user may provide their username and backup password (or reminder phrase), and the System transmits a page with their password over a secure connection.

Detail Description Paragraph:

[0186] A posting on a preferred embodiment of the subject system is comprised of a security definition format ("SDF") for each type of posting on the System, and the individual details of each posting. The SDF defines how a posting form is displayed and accepts data entry. The SDF comprises (1) a list of a number of HTML form objects and a subset of the allowed properties and methods for the object, (2) a short text description that serves as a label for the object, and (3) a longer text description that can be accessed to provide help and explanation. The SDF is described in detail below. Each type of security has an SDF. Example types of securities include but are not limited to common stock, restricted common stock, preferred stock, restricted preferred stock, bonds, convertible bonds or debentures, options, warrants, rights, royalty interests, debt and other financial instruments.

Detail Description Paragraph:

[0197] The Member first provides information to help uniquely identify the Issuer. An example of an HTML form to collect Issuer information is shown in FIG. 12. The information collected can include one or more items such as Issuer name, Internet domain name, taxpayer ID, physical address, telephone number, country of domicile, whether the Issuer is private or a public reporting company, and so on. The Member may also identify the Issuer by providing details about one of the Issuer's securities, if available, such as ticker symbol, exchange or identifying code such as CUSIP or ISIN. This information is submitted to the System's host computer to search the Issuer database. Matches (if any) and near matches are presented in a list for the Member to select the correct Issuer. The list is in the form of hyperlinks to System pages ("Issuer pages"), where each page displays the complete Issuer information in the System database. The Member is also provided a form and hyperlinks to search other online company databases. Examples of online company databases include the SEC EDGAR securities filing database, online "yellow pages" directories, and online business databases such as those maintained by Hoover's, Dun and Bradstreet, and Internet search engines.

Detail Description Paragraph:

[0198] If the Member successfully identifies the Issuer in the System database using the above tools, the Member can proceed to the step of providing a description of the security and the indicated offer. If not, the Member has the opportunity to electronically submit the data to the host computer network add a new Issuer to the System database. When a new Issuer is added to the System database, the System will automatically generate a base "ticker symbol" for the Issuer, derived from the name of the Issuer. The ticker symbols for new Issuers are 6 characters long, and are created by taking the first two characters of the first 3 words in the Company name, or the first four characters of the first word and 2 characters of the second (for an Issuer with a two word name), or first six characters (for an Issuer with a one word name). The word "The" is ignored in the Issuer name for the purposes of generating a ticker symbol. The first letter of each word is capitalized in the ticker; others are lower case. If this process does not result in a unique name, the final character of the proposed ticker is sequentially replaced with a digit (1-9) until a unique ticker is obtained. If this

still does not result in a unique ticker symbol, the next to last character is replaced with a digit, and so on, until a unique ticker is derived for the Issuer. The new ticker is added to the Issuer information in the System database.

Detail Description Paragraph:

[0203] FIG. 13 presents a screen shot of the form to list a restricted common stock. For most on-line securities-trading systems, the minimum data to provide would be price per unit of the security, maximum quantity offered, minimum (smallest acceptable) quantity to sell, and offer expiration date. On the system of a preferred embodiment of the subject invention, these inputs are requested but none are required for listing.

Detail Description Paragraph:

[0222] A Member may submit an offer to conduct a securities transaction by contacting one or more potential trading partners through hyperlinks on the Markets, Trading Floors and Issuer Pages. Contact messages are transmitted using a secure, encrypted, internal messaging protocol implemented on the System. This communication from the Member invites the other, contacted party to engage in negotiations, either through the communications network provided by the System or offline by telephone, fax, or other means. (The remainder of this description assumes that the parties decide not to use offline communications, but instead utilize the communications and electronic transaction support services available through the System.)

Detail Description Paragraph:

[0277] Members trading in restricted securities have the option of conducting nearly all aspects of their transactions online using the secure communications and electronic document digital signature and authentication capabilities of the System or, alternatively, relying on the physical exchange of printed documents and other means. The System operators make the System's standard electronic document interface specifications and encryption and authentication available to third-party settlement service providers engaged by Members. These actions do not compromise the integrity and security of communications or documents transmitted over the System's network.

Detail Description Paragraph:

[0281] After data contained in a Deal Window form completed by the trading Members is transmitted over a secure network connection in encrypted form to an escrow holder, the escrow holder integrates the received Deal Window data into two identical counterparts of its standard form Escrow Agreement. In a further preferred embodiment, the Escrow Agreements are written in read-only Adobe portable document format (PDF), providing a first level of protection against unauthorized alteration. In addition, a unique digital signature is affixed to each counterpart Escrow Agreement. One uniquely signed counterpart is returned by electronic transmission to each trading Member through the Trading Room network.

Detail Description Paragraph:

[0306] All of the various operations of the preferred System are preferably carried out by additional subsidiaries and affiliates of parent holding company 1410. The corporate structure depicted in FIG. 14 displays some of a preferred national and worldwide network of subsidiaries and affiliates that serve the Members.

Detail Description Paragraph:

[0326] The Activity Board preferably displays the Member's trades on a Trade Blotter display 1570 that displays a summary of that Member's closed negotiations for that day. Each summary is hyperlinked to the full terms and to settlement documentation, if applicable. A Member's Trade Blotter for previous days are preferably accessible through the Member's account trade archives.

Detail Description Paragraph:



[0330] A preferred Trading Floor display is depicted in FIG. 16. A Trading Floor display can be accessed for each security on the System. While the Activity Board shown in FIG. 15 is a nerve center for activity in a Member's account, the Trading Floor is where any single security of interest is posted and traded. Public and private postings are organized on the Trading Floor using the same parent child hierarchy as described above for the Activity Board. Public offers are indicated by folder icons. A Member's display only shows the private counteroffers directed to or sent by that Member. Each folder, document, or open lock is hyperlinked to a form with the fields and information for submitting a private counteroffer.

Detail Description Paragraph:

[0343] The Trading Platform enables Members to custom design their own transactions and negotiation preferences, including cross-asset and tailor-made financial instruments, such as restricted stock with user-defined restrictions, asset swaps as integrated packages, and securities structured with embedded derivatives.

Detail Description Paragraph:

[0350] A sixth preferred embodiment of the present invention comprises a system essentially the same as that of the first preferred embodiment described above, but differs in that it allows Members to implement firm offers and their own matching rules to effectively simulate a system of firm offers. Members may use customized client software, of their own design or provided by the System operators, that functions as an automated trader on the client side to conduct the negotiation of non-firm public offers. The Member configures the client software with desired offer matching criteria. The client software receives the public non-firm offers and private counteroffers that are directed to the Member from the System, and based on the Member input matching parameters, accepts, counters, ignores, or rejects the offers.

Detail Description Table CWU:

1TABLE 1 Required Information Collected for Membership Sign-Up. HTML form  
Information Collected element Notes Specify individual or representative of an  
Radio buttons One button must be selected, default is organization or other entity  
individual. Member country of citizenship or Select list of Countries and 2-letter  
codes from ISO permanent residence countries. 3166-1..sup.1 E-Mail address Text  
Must be the proper form for an e-mail address..sup.2,3 Username Text Validate input  
is not blank, 6 to 15 characters. Password Password Validate input is not blank, 6  
to 15 characters. Password, re-entered to confirm Password Validate input is not  
blank, 6 to 15 characters. Backup password or reminder phrase Text Validate input  
is not blank, 6 to 15 characters. Review and agree to be bound by "Rules Checkbox  
Must be checked (indicating agreement) of the System" to successfully complete  
Member application. Review and agree to be bound by "Terms Checkbox Must be checked  
(indicating agreement) of Use" to successfully complete Member application.  
.sup.1ISO 3166-1 approved country 2-letter codes can be found on the ISO 3166  
maintenance agency web site, at  
<http://www.din.de/gremien/nas/nabd/iso3166ma/codlstpl-.html>. .sup.2The  
specification for Internet e-mail address formats is Internet RFC 822, available at  
<ftp://ftp.rfc-editor.org/in-notes/rfc8-22.txt>. .sup.3A detailed PERL REGEX  
program to validate the format of an e-mail address can be found in: Freidl,  
Jeffrey E. F., Mastering Regular Expressions, Appendix B. Oreilly: Sebastapol, CA,  
1997; it can also be found online at  
<http://www.wg.omron.co.jp/.about.jfriedl/perl/ind-ex.html>.

CLAIMS:

1. A method for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising the steps of: (a) electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of

securities by other members; (b) storing said membership data in an electronic database; (c) approving selected potential members for membership; (d) electronically notifying said selected potential members that they have become members; (e) electronically receiving from a first member posting data, said posting data comprising one or more indicated offers to acquire or transfer ownership interests in selected securities; (f) storing said posting data in an electronic database; (g) electronically transmitting said posting data over said network to other members; (h) receiving a counteroffer to one or more of said first member's offers over said network from a second member; (i) storing said counteroffer in an electronic database; (j) electronically transmitting said counteroffer over the network to the first member; (k) electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) electronically transmitting to said first and second members data sufficient to identify transaction settlement facilities that are available at the option of and upon the mutual agreement of said first and second members; (m) electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' mutually agreed upon selection of a transaction settlement facility; (n) storing said notification in an electronic database; (o) electronically transmitting said notification to said first and second members; and (p) electronically transmitting said material terms to said selected transaction settlement facility.

2. A method for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising the steps of: (a) electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) storing said membership data in an electronic database; (c) approving selected potential members for membership; (d) electronically notifying said selected potential members that they have become members; (e) electronically receiving from a first member posting data, said posting data comprising one or more firm offers to acquire or transfer ownership interests in selected securities; (f) storing said posting data in an electronic database; (g) electronically transmitting said posting data over said network to other members; (h) receiving an acceptance of one or more of said first member's offers over said network from a second member; (i) storing said acceptance in an electronic database; (j) electronically transmitting said acceptance over the network to the first member; (k) electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) electronically transmitting to said first and second members data sufficient to identify transaction settlement facilities that are available at the option of and upon the mutual agreement of said first and second members; (m) electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' mutually agreed upon selection of a transaction settlement facility; (n) storing said notification in an electronic database; (o) electronically transmitting said notification to said first and second members; and (p) electronically transmitting said material terms to said selected transaction settlement facility.

3. A method for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising the steps of: (a) electronically receiving membership data over the electronic network

from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) storing said membership data in an electronic database; (c) approving selected potential members for membership; (d) electronically notifying said selected potential members that they have become members; (e) electronically receiving from a first member posting data, said posting data comprising one or more indicated offers to acquire or transfer ownership interests in selected securities; (f) storing said posting data in an electronic database; (g) electronically transmitting said posting data over said network to other members; (h) receiving a counteroffer to one or more of said first member's offers over said network from a second member; (i) storing said counteroffer in an electronic database; (j) electronically transmitting said counteroffer over the network to the first member; (k) electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) electronically transmitting to said first and second members data sufficient to identify a mandated transaction settlement facility, that said first and second members must use; (m) electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' agreement to utilize said mandated transaction settlement facility; (n) storing said notification in an electronic database; (o) electronically transmitting said notification to said first and second members; and (p) electronically transmitting said material terms to said mandated transaction settlement facility.

4. A method for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising the steps of: (a) electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) storing said membership data in an electronic database; (c) approving selected potential members for membership; (d) electronically notifying said selected potential members that they have become members; (e) electronically receiving from a first member posting data, said posting data comprising one or more firm offers to acquire or transfer ownership interests in selected securities; (f) storing said posting data in an electronic database; (g) electronically transmitting said posting data over said network to other members; (h) receiving an acceptance of one or more of said first member's offers over said network from a second member; (i) storing said acceptance in an electronic database; (j) electronically transmitting said acceptance over the network to the first member; (k) electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) electronically transmitting to said first and second members data sufficient to identify a mandated transaction settlement facility, that said first and second members must use; (m) electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' agreement to utilize said mandated transaction settlement facility; (n) storing said notification in an electronic database; (o) electronically transmitting said notification to said first and second members; and (p) electronically transmitting said material terms to said mandated transaction settlement facility.

5. A method for securities trading that enables principal-to-principal exchange of financial information, including postings of offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the

negotiation and settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, comprising the steps of: (a) requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising the steps of: (1) electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; and (2) storing said membership data in an electronic database securities trading; (b) electronically receiving, storing and displaying the members' posting data, said posting data comprising indicated offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising the steps of: (1) receiving said posting data over said electronic network; (2) organizing and storing said posting data in an electronic database; (3) determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their indicated offers securities trading; (c) electronically receiving, storing and displaying information sufficient to describe and transmit offers and counteroffers between members and said posting members, including proposed transaction terms, and further comprising the steps of: (1) receiving an offer or counteroffer over said network from a negotiating member; (2) storing said offer or counteroffer in a database; and (3) electronically transmitting said offer or counteroffer over the network to the other negotiating party, with information sufficient to enable the parties to contact each other securities trading; and (d) providing potential buyers and sellers the option to select a transaction settlement facility and transmit material terms of an agreement to conduct a transaction in said security, further comprising the steps of: (1) electronically transmitting to said potential buyers and sellers data sufficient to identify transaction settlement facilities that are available at the option of said potential buyers and sellers; (2) electronically receiving from said potential seller and said potential buyer their optional election to electronically transmit to each other a notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing material terms of said agreement and identifying said potential buyer's and potential seller's selection of a settlement facility; (3) storing said notification in an electronic database; and (4) electronically transmitting said material terms to said settlement facility for the purpose of said settlement facility generating standardized transaction settlement documents.

6. A method for securities trading that enables principal-to-principal exchange of financial information, including postings of firm offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, comprising the steps of: (a) requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising the steps of: (1) electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; and (2) storing said membership

data in an electronic database; (b) electronically receiving, storing and displaying the members' posting data, said posting data comprising firm offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising the steps of: (1) receiving said posting data over said electronic network; (2) organizing and storing said posting data in an electronic database; (3) determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their firm offers; (c) electronically receiving, storing and displaying information sufficient to describe and transmit firm offers between members and said posting members, including proposed transaction terms, and further comprising the steps of: (1) receiving an acceptance of said offer over said network from a responding member; (2) storing said offer or acceptance of said offer in a database; and (3) electronically transmitting said offer or acceptance of said offer over the network to the other responding party, with information sufficient to enable the parties to contact each other securities trading; and (d) providing potential buyers and sellers the option to select a transaction settlement facility and transmit material terms of an agreement to conduct a transaction in said security, further comprising the steps of: (1) electronically transmitting to said potential buyers and sellers data sufficient to identify transaction settlement facilities that are available at the option of said potential buyers and sellers; (2) electronically receiving from said potential seller and said potential buyer their optional election to electronically transmit to each other a notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing material terms of said agreement and identifying said potential buyer's and potential seller's selection of a settlement facility; (3) storing said notification in an electronic database; and (4) electronically transmitting said material terms to said settlement facility for the purpose of said settlement facility generating standardized transaction settlement documents.

7. A method for securities trading that enables principal-to-principal exchange of financial information, including postings of offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and mandated settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, comprising the steps of: (a) requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising the steps of: (1) electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; (2) storing said membership data in an electronic database securities trading; (b) electronically receiving, storing and displaying the members' posting data, said posting data comprising indicated offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising the steps of: (1) receiving said posting data over said electronic network; (2) organizing and storing said posting data in an electronic database; (3) determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their indicated offers securities trading; (c) electronically

receiving, storing and displaying information sufficient to describe and transmit offers and counteroffers between members and said posting members, including proposed transaction terms, and further comprising the steps of: (1) receiving an offer or counteroffer over said network from a negotiating member; (2) storing said offer or counteroffer in a database; and (3) electronically transmitting said offer or counteroffer over the network to the other negotiating party, with information sufficient to enable the parties to contact each other securities trading; and (d) requiring potential buyers and sellers to utilize a mandated transaction settlement facility and transmit standardized material terms of an agreement to efficiently conduct a transaction in said security, further comprising the steps of: (1) electronically transmitting to said potential buyers and sellers data sufficient to communicate with a transaction settlement facility mandated to said potential buyers and sellers; (2) electronically receiving from said potential seller and said potential buyer their responses to each other effecting notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing standardized material terms of said agreement and identifying said potential buyer's and potential seller's agreement to said mandated settlement facility; (3) storing said notification in an electronic database; and (4) electronically transmitting said material terms to said mandated settlement facility for the purpose of said mandated settlement facility generating standardized transaction settlement documents.

8. A method for securities trading that enables principal-to-principal exchange of financial information, including postings of firm offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and mandated settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, comprising the steps of: (a) requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising the steps of: (1) electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; (2) storing said membership data in an electronic database securities trading; (b) electronically receiving, storing and displaying the members' posting data, said posting data comprising firm offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising the steps of: (1) receiving said posting data over said electronic network; (2) organizing and storing said posting data in an electronic database; (3) determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their firm offers securities trading; (c) electronically receiving, storing and displaying information sufficient to describe and transmit firm offers between members and said posting members, including proposed transaction terms, and further comprising the steps of: (1) receiving an acceptance of said offer over said network from a responding member; (2) storing said offer or acceptance of said offer in a database; (3) electronically transmitting said offer or acceptance of said offer over the network to the responding party, with information sufficient to enable the parties to contact each other securities trading; and (d) requiring potential buyers and sellers to use a mandated transaction settlement facility and transmit standardized material terms of an agreement to efficiently conduct a transaction in said security, further comprising the steps of: (1) electronically transmitting to said potential buyers and sellers

data sufficient to communicate with a transaction settlement facility mandated to said potential buyers and sellers; (2) electronically receiving from said potential seller and said potential buyer their responses to each other effecting notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing standardized material terms of said agreement and identifying said potential buyer's and potential seller's agreement to said mandated settlement facility; (3) storing said notification in an electronic database; and (4) electronically transmitting said material terms to said mandated settlement facility for the purpose of said mandated settlement facility generating standardized transaction settlement documents.

9. The method of claim 5, 6, 7, or 8, further comprising the step of requiring a member who has an active buy posting for a security can only be contacted over the trading system's electronic network by a member who has an active sell posting for that security, and further requiring that a member who has an active sell posting for a security can only be contacted over said network by a member who has an active buy posting for that security.

10. The method of claim 5, 6, 7, or 8, wherein some or all of the data transmitted over the trading system's electronic network are encrypted and the originator of a data transmission is digitally authenticated.

17. A system for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising: (a) a holding company; (b) a first subsidiary of said holding company, wherein said first subsidiary is an independently-operated NASD member firm; and (c) a second subsidiary of said holding company, wherein said second subsidiary operates an electronic network-based computer trading system; wherein said holding company receives flat-rate, time-based fees from members of the system of said second subsidiary; wherein said holding company receives transaction referral fees from independent securities dealers linked by a computer network to said first subsidiary; and wherein said first subsidiary is linked by a computer network to the system of said second subsidiary.

23. Computer software for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising: (a) software for electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) software for storing said membership data in an electronic database; (c) software for approving selected potential members for membership; (d) software for electronically notifying said selected potential members that they have become members; (e) software for electronically receiving from a first member posting data, said posting data comprising one or more indicated offers to acquire or transfer ownership interests in selected securities; (f) software for storing said posting data in an electronic database; (g) software for electronically transmitting said posting data over said network to other members; (h) software for receiving a counteroffer to one or more of said first member's offers over said network from a second member; (i) software for storing said counteroffer in an electronic database; (j) software for electronically transmitting said counteroffer over the network to the first member; (k) software for electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) software for electronically transmitting to said first and second members data sufficient to identify transaction settlement facilities that are available at the option of and upon the mutual agreement of said first and second members; (m) software for electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said



second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' mutually agreed upon selection of a transaction settlement facility; (n) software for storing said notification in an electronic database; (o) software for electronically transmitting said notification to said first and second members; and (p) software for electronically transmitting said material terms to said selected transaction settlement facility.

24. Computer software for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising: (a) software for electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) software for storing said membership data in an electronic database; (c) software for approving selected potential members for membership; (d) software for electronically notifying said selected potential members that they have become members; (e) software for electronically receiving from a first member posting data, said posting data comprising one or more firm offers to acquire or transfer ownership interests in selected securities; (f) software for storing said posting data in an electronic database; (g) software for electronically transmitting said posting data over said network to other members; (h) software for receiving an acceptance of one or more of said first member's offers over said network from a second member; (i) software for storing said acceptance in an electronic database; (j) software for electronically transmitting said acceptance over the network to the first member; (k) software for electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) software for electronically transmitting to said first and second members data sufficient to identify transaction settlement facilities that are available at the option of and upon the mutual agreement of said first and second members; (m) software for electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' mutually agreed upon selection of a transaction settlement facility; (n) software for storing said notification in an electronic database; (o) software for electronically transmitting said notification to said first and second members; (p) software for electronically transmitting said material terms to said selected transaction settlement facility.

25. Computer software for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network, comprising: (a) software for electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) software for storing said membership data in an electronic database; (c) software for approving selected potential members for membership; (d) software for electronically notifying said selected potential members that they have become members; (e) software for electronically receiving from a first member posting data, said posting data comprising one or more indicated offers to acquire or transfer ownership interests in selected securities; (f) software for storing said posting data in an electronic database; (g) software for electronically transmitting said posting data over said network to other members; (h) software for receiving a counteroffer to one or more of said first member's offers over said network from a second member; (i) software for storing said counteroffer in an electronic database; (j) software for electronically transmitting said counteroffer over the network to the first member; (k) software for electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l)



software for electronically transmitting to said first and second members data sufficient to identify a mandated transaction settlement facility, that said first and second members must use; (m) software for electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' agreement to utilize said mandated transaction settlement facility; (n) software for storing said notification in an electronic database; (o) software for electronically transmitting said notification to said first and second members; (p) software for electronically transmitting said material terms to said mandated transaction settlement facility.

26. Computer software for enabling exchange of financial information and negotiation and settlement of securities transactions over an electronic network using a server/database computer system, comprising: (a) software for electronically receiving membership data over the electronic network from potential members, said membership data comprising data sufficient to identify each of said potential members and to pre-qualify them for access to postings of securities by other members; (b) software for storing said membership data in an electronic database; (c) software for approving selected potential members for membership; (d) software for electronically notifying said selected potential members that they have become members; (e) software for electronically receiving from a first member posting data, said posting data comprising one or more firm offers to acquire or transfer ownership interests in selected securities; (f) software for storing said posting data in an electronic database; (g) software for electronically transmitting said posting data over said network to other members; (h) software for receiving an acceptance of one or more of said first member's offers over said network from a second member; (i) software for storing said acceptance in an electronic database; (j) software for electronically transmitting said acceptance over the network to the first member; (k) software for electronically transmitting to the first member and to the second member information sufficient to enable the two members to contact each other; (l) software for electronically transmitting to said first and second members data sufficient to identify a mandated transaction settlement facility, that said first and second members must use; (m) software for electronically receiving from said first member and said second member their mutually agreed upon election to electronically transmit to each other a notification that an agreement has been reached between said first member and said second member for the transfer of said one or more securities, wherein said notification comprises material terms of said agreement and identifies said first and second members' agreement to utilize said mandated transaction settlement facility; (n) software for storing said notification in an electronic database; (o) software for electronically transmitting said notification to said first and second members; (p) software for electronically transmitting said material terms to said mandated transaction settlement facility.

27. Computer software for securities trading that enables principal-to-principal exchange of financial information, including postings of offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, using a server/database computer system, comprising: (a) software for requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising: (1) software for electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential

sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; and (2) software for storing said membership data in an electronic database securities trading; (b) software for electronically receiving, storing and displaying the members' posting data, said posting data comprising indicated offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising: (1) software for receiving said posting data over said electronic network; (2) software for organizing and storing said posting data in an electronic database; (3) software for determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) software for electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) software for electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their indicated offers securities trading; (c) software for electronically receiving, storing and displaying information sufficient to describe and transmit offers and counteroffers between members and said posting members, including proposed transaction terms, and further comprising: (1) software for receiving an offer or counteroffer over said network from a negotiating member; (2) software for storing said offer or counteroffer in a database; and (3) software for electronically transmitting said offer or counteroffer over the network to the other negotiating party, with information sufficient to enable the parties to contact each other securities trading; and (d) software for providing potential buyers and sellers the option to select a transaction settlement facility and transmit material terms of an agreement to conduct a transaction in said security, further comprising: (1) software for electronically transmitting to said potential buyers and sellers data sufficient to identify transaction settlement facilities that are available at the option of said potential buyers and sellers; (2) software for electronically receiving from said potential seller and said potential buyer their optional election to electronically transmit to each other a notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing material terms of said agreement and identifying said potential buyer's and potential seller's selection of a settlement facility; (3) software for storing said notification in an electronic database; and (4) software for electronically transmitting said material terms to said settlement facility for the purpose of said settlement facility generating standardized transaction settlement documents.

28. Computer software for securities trading that enables principal-to-principal exchange of financial information, including postings of firm offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, using a server/database computer system, comprising: (a) software for requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising: (1) software for electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; and (2) software for storing said membership data in an electronic database; (b) software for electronically receiving, storing and displaying the members' posting data, said posting data comprising firm offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising: (1) software for receiving said posting data over said electronic network; (2) software for organizing and storing said posting data in an electronic database; (3) software for determining any restrictions to be imposed by said trading system on member

access to said posting data or to the posting member; (4) software for electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) software for electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their firm offers; (c) software for electronically receiving, storing and displaying information sufficient to describe and transmit firm offers between members and said posting members, including proposed transaction terms, and further comprising: (1) software for receiving an acceptance of said offer over said network from a responding member; (2) software for storing said offer or acceptance of said offer in a database; and (3) software for electronically transmitting said offer or acceptance of said offer over the network to the other responding party, with information sufficient to enable the parties to contact each other securities trading; and (d) software for providing potential buyers and sellers the option to select a transaction settlement facility and transmit material terms of an agreement to conduct a transaction in said security, further comprising: (1) software for electronically transmitting to said potential buyers and sellers data sufficient to identify transaction settlement facilities that are available at the option of said potential buyers and sellers; (2) software for electronically receiving from said potential seller and said potential buyer their optional election to electronically transmit to each other a notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing material terms of said agreement and identifying said potential buyer's and potential seller's selection of a settlement facility; (3) software for storing said notification in an electronic database; and (4) software for electronically transmitting said material terms to said settlement facility for the purpose of said settlement facility generating standardized transaction settlement documents.

29. Computer software for securities trading that enables principal-to-principal exchange of financial information, including postings of offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and mandated settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, using a server/database computer system, comprising: (a) software for requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising: (1) software for electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; (2) software for storing said membership data in an electronic database securities trading; (b) software for electronically receiving, storing and displaying the members' posting data, said posting data comprising indicated offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising: (1) software for receiving said posting data over said electronic network; (2) software for organizing and storing said posting data in an electronic database; (3) software for determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) software for electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) software for electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their indicated offers securities trading; (c) software for electronically receiving, storing and displaying information sufficient to describe and transmit offers and counteroffers between members and said posting members, including proposed transaction terms, and further comprising: (1) software for receiving an offer or

counteroffer over said network from a negotiating member; (2) software for storing said offer or counteroffer in a database; and (3) software for electronically transmitting said offer or counteroffer over the network to the other negotiating party, with information sufficient to enable the parties to contact each other securities trading; and (d) software for requiring potential buyers and sellers to utilize a mandated transaction settlement facility and transmit standardized material terms of an agreement to efficiently conduct a transaction in said security, further comprising: (1) software for electronically transmitting to said potential buyers and sellers data sufficient to communicate with a transaction settlement facility mandated to said potential buyers and sellers; (2) software for electronically receiving from said potential seller and said potential buyer their responses to each other effecting notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing standardized material terms of said agreement and identifying said potential buyer's and potential seller's agreement to said mandated settlement facility; (3) software for storing said notification in an electronic database; and (4) software for electronically transmitting said material terms to said mandated settlement facility for the purpose of said mandated settlement facility generating standardized transaction settlement documents.

30. Computer software for securities trading that enables principal-to-principal exchange of financial information, including postings of firm offers to buy and sell any registered or unregistered securities that have been issued by any securities issuer, and the negotiation and mandated settlement of all securities transactions without the use of an intermediary brokerage or conventional securities exchange, over an electronic network accessible to potential sellers and buyers, comprising: (a) software for requiring each of said potential buyers and sellers to satisfy membership requirements imposed by the trading system manager as a condition for access to restricted and unrestricted areas within said system and for access to particular postings, further comprising: (1) software for electronically receiving membership data over the electronic network from each of said potential buyers and sellers, said membership data comprising data sufficient to identify each of said potential buyers and potential sellers and to pre-qualify them for access to postings of securities on the system or to the posting members; and (2) software for storing said membership data in an electronic database securities trading; (b) software for electronically receiving, storing and displaying the members' posting data, said posting data comprising firm offers to buy or otherwise acquire, or to sell or otherwise transfer, ownership interests in their securities, further comprising: (1) software for receiving said posting data over said electronic network; (2) software for organizing and storing said posting data in an electronic database; (3) software for determining any restrictions to be imposed by said trading system on member access to said posting data or to the posting member; (4) software for electronically transmitting said posting data over said network to all members who are not restricted from access to said posting data or to the posting member; and (5) software for electronically transmitting information over said network that is sufficient to enable potential buyers and sellers to contact each other about their firm offers securities trading; (c) software for electronically receiving, storing and displaying information sufficient to describe and transmit firm offers between members and said posting members, including proposed transaction terms, and further comprising: (1) software for receiving an acceptance of said offer over said network from a responding member; (2) software for storing said offer or acceptance of said offer in a database; (3) software for electronically transmitting said offer or acceptance of said offer over the network to the responding party, with information sufficient to enable the parties to contact each other securities trading; and (d) software for requiring potential buyers and sellers to use a mandated transaction settlement facility and transmit standardized material terms of an agreement to efficiently conduct a transaction in said security, further comprising: (1) software for electronically transmitting to said potential buyers and sellers data sufficient to

communicate with a transaction settlement facility mandated to said potential buyers and sellers; (2) software for electronically receiving from said potential seller and said potential buyer their responses to each other effecting notification that an agreement has been reached between said potential buyer and said potential seller for the transfer of said security, wherein said notification comprises data describing standardized material terms of said agreement and identifying said potential buyer's and potential seller's agreement to said mandated settlement facility; (3) software for storing said notification in an electronic database; and (4) software for electronically transmitting said material terms to said mandated settlement facility for the purpose of said mandated settlement facility generating standardized transaction settlement documents.

31. The software of claim 27, 28, 29, or 30, further comprising software for requiring a member who has an active buy posting for a security can only be contacted over the trading system's electronic network by a member who has an active sell posting for that security, and further comprising software for requiring that a member who has an active sell posting for a security can only be contacted over said network by a member who has an active buy posting for that security.

32. The software of claim 27, 28, 29, or 30, wherein some or all of the data transmitted over the trading system's electronic network are encrypted and the originator of a data transmission is digitally authenticated.

[Previous Doc](#)

[Next Doc](#)

[Go to Doc#](#)